

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 INRE-00 NSCE-00 SSO-00 USIE-00 AF-10

EA-11 EUR-25 NEA-14 RSC-01 PA-04 PRS-01 ARAE-00 IO-14

AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02 COME-00 DODE-00

EB-11 FPC-01 H-03 INR-11 INT-08 L-03 NSAE-00 NSC-07

OMB-01 PM-07 SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00

FRB-03 FEA-02 DRC-01 /232 W
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O 151953Z JUL 74

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC IMMEDIATE 4718

C O N F I D E N T I A L CARACAS 6553

E.O. 11652: GDS

TAGS: PFOR, ENRG, VE

SUBJECT: VENEZUELAN AIDE MEMOIRE REGARDING U.S.-VENEZUELAN
ECONOMIC RELATIONSHIPS

REF: CARACAS 6525

1. FOLLOWING IS INFORMAL EMBASSY TRANSLATION OF AIDE MEMOIRE DATED
JULY 15 HANDED TO AMBASSADOR BY FOREIGN MINISTER SCHACHT THIS
MORNING.

2. BEGIN TEXT. THE VENEZUELAN GOVERNMENT UNDERSTANDS THE PREOCCU-
PATION THAT HAS ARISEN IN MANY COUNTRIES AS A RESULT OF THE ENERGY
CRISIS. THIS ATTITUDE HAS BEEN CLEARLY EXPRESSED BY THE PRESIDENT
OF THE REPUBLIC OF VENEZUELA, AS IS EVIDENT FROM VARIOUS OF HIS
PUBLIC DECLARATIONS SINCE HE ASSUMED OFFICE.

3. THE MEASURES THAT VENEZUELA HAS TAKEN WITH RESPECT TO PETROLEUM
PRICES SUCH AS THE DECREASE IN PETROLEUM PRODUCTION, ARE NOT THE
RESULT OF CAPRICIOUS DESIRES NOR ARE THEY DIRECTED AGAINST ANY
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COUNTRY OR GROUP OF COUNTRIES IN PARTICULAR. TO THE CONTRARY THE

GOVERNMENT AND PEOPLE OF VENEZUELA ARE FIRMLY CONVINCED THAT THE MEASURES PREVIOUSLY MENTIONED PARALLEL THOSE THAT HAVE BEEN ADOPTED BY OTHER MEMBER COUNTRIES OF THE ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES, AND WILL BENEFIT ALL HUMANITY BECAUSE THEY TEND TO BREAK THE DANGEROUS EXCESSIVE SPENDING OF RESOURCES OF SUCH VALUE AS HYDROCARBONS, THE COMPENSATION FOR WHICH IS IMPORTANT TO THE FUTURE DEVELOPMENT OF ALL COUNTRIES. THE PERIOD, HAPPILY OVERCOME, OF DEPRESSED PRICES, WAS ALWAYS A NEGATIVE STIMULUS FOR EXCESSIVE CONSUMPTION OF HYDROCARBONS FOR USES NOT ALWAYS PROPER NOR PRODUCTIVE FOR HUMANITY.

4. IT IS CONVENIENT TO REMEMBER THAT THE PERIOD OF LOW PETROLEUM PRICES AND OF EXCESSIVE CONSUMPTION, WAS ACCOMPANIED BY AN INCREASE, ALSO CONTINUED, OF PRICES OF MANUFACTURERS EXPORTED BY INDUSTRIALIZED COUNTRIES TO DEVELOPING COUNTRIES, WITH GRAVE PREDJUDICE FOR ALL ECONOMIES, AND FOR THE WELFARE OF THEIR PEOPLE. THE DETERIORATION OF TERMS OF TRADE OF DEVELOPING COUNTRIES INCLUDING BETWEEN COUNTRIES EXPORTING PETROLEUM WAS OF SUCH MAGNITUDE, THAT ACTUAL PRICES WERE NOT SUFFICIENT TO RECOVER THE LOSSES THAT OCCURRED AND THE DELAY SUFFERED IN IMPLEMENTING ECONOMIC AND SOCIAL DEVELOPMENT PROGRAMS.

5. ON THE OTHER HAND THE INDUSTRIALIZED COUNTRIES ARE NOT ABLE TO CONTROL THE GROWING INFLATIONARY PROCESS OF THEIR ECONOMIES, WHICH HAS A NEGATIVE REPERCUSSION ON INTERNATIONAL MONETARY RESERVES AND A GENERAL ADVERSE REPERCUSSION WITH RESPECT TO THE ECONOMIES OF DEVELOPING COUNTRIES. THIS COMPLETELY DEMONSTRATED, NEVERTHELESS, THAT THE GLOBAL INCREASED COST FOR MINERALS AND PETROLEUM RESOURCES TO THE ECONOMIES OF THE INDUSTRIALIZED COUNTRIES DOES NOT EXCEED 2 PERCENT.

6. VENEZUELA, WHICH HAS ALWAYS COMPLIED WITH ITS INTERNATIONAL AGREEMENTS AS A PETROLEUM SUPPLIER, BOTH IN NORMAL TIMES AS WELL AS MOMENTS OF EMERGENCY, HAS THE UNAVOIDABLE HISTORICAL RESPONSIBILITY TO PRESERVE ITS PETROLEUM AND PETROLEUM DERIVATIVE RESOURCES FOR THE HIGHEST POSSIBLE BENEFIT, AND TO RAISE THE LIVING STANDARDS OF ITS POPULATION. THIS OBLIGATION, THAT THE VENEZUELAN GOVERNMENT OBSERVES WITH A COMPLETE SENSE OF ITS SOVEREIGNTY THAT CANNOT BE DELEGATED OR SHARED, IS THE ORIGIN OF THE MEASURES TAKEN WITH RESPECT TO PRICES AND PRODUCTION LEVELS OF PETROLEUM.

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7. THE GOVERNMENT OF VENEZUELA AFFIRMS THAT ENERGY COSTS ARE PART OF THE GENERAL WORLD DEVELOPMENT PROBLEM, WHICH IS MANIFEST IN UNEQUAL DISTRIBUTION OF OPPORTUNITIES IN INTERNATIONAL COMMERCE, IN THE UNJUST TREATMENT GIVEN TO MANY RAW MATERIALS AND NATURAL RESOURCES OF INTEREST TO DEVELOPING COUNTRIES, IN THE UNSTABLE AND IRRATIONAL SITUATION OF THE INTERNATIONAL MONETARY SYSTEM AND IN THE NON-EQUITABLE COMPENSATION, USES AND TRANSFERENCE OF SCIENCE AND TECHNOLOGICAL KNOWLEDGE.

8. THE GOVERNMENT OF VENEZUELA WOULD SEE WITH MUCH PLEASURE THE INTERNATIONAL COMMUNITY, ESPECIALLY THOSE MEMBERS THAT HAVE THE GREATEST POWER AND ALSO THE GREATEST RESPONSIBILITIES, DECIDE FIRMLY TO SOLVE THE GROUP OF INTERDEPENDENT PROBLEMS, AND DESIGN SCHEMES OF COOPERATION AND DEVELOPMENT MORE HARMONIOUS AND STABLE IN BENEFIT OF ALL NATIONS. CONSEQUENTLY WITH THAT CRITERIA, THE VENEZUELAN GOVERNMENT WILL PARTICIPATE THROUGH DISTINCT MULTILATERAL CHANNELS, IN AID PROGRAMS FOR DEVELOPMENT OF LEAST FAVORED COUNTRIES, AND IN AN AMOUNT FAR SUPERIOR TO THE PROMISE THAT DEVELOPED COUNTRIES HAVE MADE IN THE UNITED NATIONS OF A LEVEL OF SUPPORT NO LESS THAN 1 PERCENT OF THEIR GROSS NATIONAL PRODUCTS, IN INTERNATIONAL COOPERATION

FOR DEVELOPMENT. THAT AGREEMENT STILL HAS NOT BEEN MET BY MANY INDUSTRIALIZED COUNTRIES, AMONG THEM THE UNITED STATES OF AMERICA, IT BEING THE MOMENT TO REMIND THE GOVERNMENT OF THAT COUNTRY, IN THE SIXTH SPECIAL GENERAL ASSEMBLY OF THE UNITED NATIONS FOR RAW MATERIALS, CELEBRATED RECENTLY IN NEW YORK, WAS NOT RECEPTIVE TO THE PLANS THAT VENEZUELA AND OTHER COUNTRIES LIVING UNDER SIMILAR CIRCUMSTANCES, FORMULATED IN THE SEARCH FOR A JUST EQUILIBRIUM OF PRICES.

9. THE VENEZUELAN GOVERNMENT RATIFIES THAT THE MEASURES REGARDING PRICES AND PRODUCTION LEVELS WILL BE MAINTAINED IN FULL FORCE AS LONG AS IT IS IN THE NATIONAL INTEREST; AND COINCIDE BESIDES, WITH THE EXPRESSED CRITERIA OF MANY SPOKESMEN OF THE UNITED STATES ACCORDING TO WHOM INTERNATIONAL OR TRANSNATIONAL PETROLEUM COMPANIES ARE OBTAINING EXCESSIVE PROFITS WHICH PREJUDICE THE CONSUMER, WHO ALSO HAS TO SUPPORT THE HEAVY WEIGHT OF INCREASED INTERNAL TAXES FOR INDUSTRIALIZED COUNTRIES.

10. THE GOVERNMENT OF VENEZUELA REGRETS THE TONE EMPLOYED IN THE AIDE MEMOIRE OF THE DATE OF THE NINTH OF JULY PRESENTED BY THE CONFIDENTIAL

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AMBASSADOR OF THE UNITED STATES OF AMERICA AND EXPRESSES ITS IRRENOUN-

CEABLE HOPE THAT THE SOVEREIGN DECISIONS IT ADOPTS IN DEFENSE OF ITS NATURAL RESOURCES, WILL BE UNDERSTOOD AND RESPECTED BY THE GOVERNMENTS

OF ALL COUNTRIES, ESPECIALLY THOSE WITH WHICH IT MAINTAINS CORDIAL AND GREAT RELATIONS OF FRIENDSHIP AND COOPERATION. END TEXT

11. SPANISH TEXT OF AIDE MEMOIRE DATED JULY 15, 1974 BEING POUCHED SEPARATELY.
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